

# WIGGINTON PC POLICY STATEMENT OF INTERNAL CONTROL AND INTERNAL AUDIT AND REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

## **Introduction**

The authority has responsibility under regulation 5(1) the Accounts and Audit Regulations 2015, for conducting, at least annually, a review of the effectiveness of the system of internal control.

<http://www.legislation.gov.uk/ukxi/2015/234/contents/made>

Proper Practices are defined within The Practitioners Guide [file \(nalc.gov.uk\)](http://www.nalc.gov.uk)

## **Adequate and Effective Systems, Review of Effectiveness**

The review is informed by the work of:

- The Council and its Committees (if applicable)
- The Clerk/Responsible Finance Officer
- The Internal Auditor
- The External Auditor

Annual review of the control systems enables the council to accurately complete the section 2 of the Annual Governance and Accountability return (AGAR).

" We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed it's effectiveness'.

## **The Effectiveness of the System of Internal Control**

The system of internal controls at Wigginton Parish Council currently consists of:

1. Appointment of Clerk and Responsible Financial Officer
2. Adoption of Code of Conduct for Members
3. Adoption of Standing Orders and Financial Regulations
4. Adoption of Financial and Management Risk Assessment
5. Asset Register and annual review of accuracy
6. Annual review of effectiveness of internal controls
7. Annual review of the effectiveness of the internal auditor
8. Review of internal audit arrangements and implementation of any recommendations
9. Regular scrutiny of financial records and proper arrangements for the approval of expenditure as per adopted Financial Regulations
10. Procedures in place to ensure that direct debits and standing orders are reviewed and approved by Council
11. Adherence to the internal financial control systems detailed in the financial regulations
12. Scrutiny of calculations provided by payroll provider
13. Regular employer returns to HM Revenue and Customs
14. Annual completion of vat return and the RFO ensuring they are up to date in matters of VAT and other taxation issues as necessary
15. Monthly budget monitoring statements provided to council
16. Preparation and dissemination of regular financial reports comparing actual expenditure against forecasts
17. Regular review of such reports by RFO and by Council members
18. Procedures for dealing with and monitoring the Council's Grants scheme
19. Procedures for document receipt, circulation, response, handling and filing
20. Procedures in place for recording and monitoring Members' Interests and Gifts and Hospitality received
21. Sector qualified Clerk (Currently Clerk and RFO is in the process of obtaining the CiLCA qualification)
22. Training and continuing professional development of the clerk and members budgeted for

## **Scope and Responsibility**

Wigginton Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. In discharging this overall responsibility, Wigginton Parish Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

## **Purpose of the Systems of Internal Control**

The system of internal control is designed to manage risk at a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them effectively and economically.

## **Supporting Documents**

Appendix 1 Audit Plan Calendar

Appendix 2 Payment & Financial Controls Summary

Appendix 3 Review of the Effectiveness of the Internal Auditor

Appendix 1

### **Audit Plan Calendar**

**Audit Plan – please note this forms part of our internal controls process.**

<b>Action</b>	<b>Proposed Month</b>
Council to appoint an Internal Auditor.	October /November
Council to review financial and management risk assessment.	January
Council to complete annual return.	May
Internal Auditor to receive all accounts for the year end.	May/June
Council to review any issues raised by auditor.	May-July
Council to review that audit has been carried out in line with recommended practise (ethically and with integrity and objectivity).	May-July

Council to send annual return to external auditor.	July
Electors able to exercise their rights.	June/July
Council to review effectiveness of internal control.	October/November
Councillors to receive report from external auditors.	Sept
Council to review financial systems and control.	December/May
Council to source alternative quotes for new IA	September/October
Council to review Financial Regulations.	January

**Please note that the dates may be altered**

## Appendix 2

### Payment & Financial Controls Summary

- Regular payments to be made via direct debit or standing order (ground maintenance contract, hall hire, ICO subscription), and any other additional appropriate regular payments signed off by council.
- Annual sign off of DD payments by agreement at the Council meeting.
- All other payments to be made by online payment in the first instance, however our financial regulations allow for alternative methods of payment should the need arise. Verification of new supplier's bank details to be obtained by the clerk with a test payment of £1 and a call back if deemed necessary.
- The parish clerk holds authority to set up payments on Unity Trust Bank online banking ready for authorisation by two other Cllrs.
- All cheques to be signed by two Cllrs.
- Any signatory given online access agrees not to share password information.
- Clerk to provide a monthly schedule of payments to be made to support the online banking authorisation.
- Clerk to email or text two Cllrs once all payments are set up on online banking and ready to be authorised.
- Cllrs to email when first and second authorisation was made.
- Clerk to be advised once submission is complete.
- Clerk to complete monthly bank reconciliation to ensure that payments tally with monthly schedule of agreed payments.
- Clerk to send a remittance advice to the supplier when necessary.
- Monthly payment reports and budget reports to be provided to all Cllrs prior to the meeting or upon request.
- Clerk to update financial reports via Rialtas accounting software once bank reconciliation has been finalised.

**Appendix 3****Review of Effectiveness of Internal Audit and Auditor Meeting the standards**

<b>Expected Standard</b>	<b>Evidence of Achievement</b>	<b>Is this standard achieved/needs</b>
Scope of internal audit	Scope of audit work takes into account risk management processes and wider internal control. Wigginton PC appointed Phillip Rhoden @ Etaerio for 2020/21 and 2021/22.	Need to approve auditor for year end 2022-23. On agenda at November's meeting.
Independence	Internal Auditor has direct contact with RFO. Reports are made in own name to the RFO and the Council. Auditor does not have any other role within the council.	Yes
Competence	No evidence that internal work has not been carried out ethically, with integrity and objectivity. Internal auditor familiar with governance processes and accounting regulations for parish councils Qualification: ICAEW	Yes (previous experience on DBC audit panel when it was all audited by DBC before it was disbanded).
Relationships	Clerk/RFO and councillors are consulted on the internal audit plan and on the scope of each audit. Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters. The responsibilities of council members are understood, and training carried out as necessary.	Yes, during review of internal control audit plan is discussed.

Audit Planning and reporting	The audit is a feature of a wider plan with regards to internal control policy and procedural reviews and monthly reports and strong internal control procedures embed this approach within WPC.	The review of Internal control is now in place on an annual basis. First implemented as per the internal auditor's recommendation in November 2022. A rolling programme of policy, procedural and risk assessment reviews is being undertaken to ensure that the policies and procedures adopted are compliant and current.
<b>Characteristics of Effectiveness</b>		
<b>Expected Standard</b>	<b>Evidence of Achievement</b>	<b>Is this standard achieved/needs</b>
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the body's governance assurance needs.	Yes
Understanding the whole organisation its needs and objectives	The annual review demonstrates how audit work will provide assurance in relation to the body's annual governance statement.	Yes
Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics.	Yes
Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action if necessary.	Yes. Copy of report with the recommendations to be circulated once received and council to be updated in full prior to next audit being instructed.
Be forward looking	When identifying risks and in formulating the annual internal control plan, changes on agenda are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Yes. Clerk regularly receives updates from advisory services regarding changes to procedural templates or regulations.

Be challenging	Internal audit focuses on risks and encourages members to develop their own responses to risks, rather than relying solely on audit recommendations. The aim of this is to encourage greater ownership of control environment.	Yes
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work. Internal auditor understands the body and the legal and corporate framework in which it operates.	Rigorous systems have now been implemented in, line with auditors' recommendations. Parish- tailored accounting software was purchased in 2022. Clerk has circulated report detailing steps taken or to be taken following audit in June 2022. The Clerk and Council acknowledged all matters arising from the external auditor's report and took action when required.

### **Audit Planning**

The Hertfordshire Internal Audit service appointed in November 2022 will plan audit with due care to ensure that the appropriate level of resources is made available to conduct our work, and that the council can meet its statutory reporting obligations.

### **Reporting**

The auditor will prepare a summary report on areas of non-compliance where such non-compliances are limited in nature and result in an unqualified internal audit report.

Where it may be necessary to qualify an internal audit report, the Council shall prepare a detailed report on these areas on non-compliance that have led to a qualification.

### **Independence and Correspondence**

The auditor will ensure that staff conducting, and supervising audits are appropriately trained and qualified for the level of work undertaken. We will ensure that we maintain independence from the day-to-day activities of the council, and we will not provide any additional consultancy or advisory services to the council which may compromise our audit independence.

**Access to information and Officers.**

In order to facilitate completion of the audit work the RFO will ensure that all documents are provide in a timely manner subject to reasonable notice being given. WPC will ensure that access to documents and staff members is granted as appropriate and necessary.

**Remuneration**

The fee for audit work will be in accordance with the prior agreed fee. The fee includes all travel and out of pocket expenses. If additional audit time is required or additional services are requested, the fee for these will be agreed in advance and invoiced accordingly.

Reviewed and adopted by the WPC: December 2022